

Message Text

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ACTION SS-15

INFO OCT-01 ARA-06 ISO-00 MC-02 PM-04 L-03 H-02 COM-02

DODE-00 EB-07 NRC-05 NSAE-00 TRSE-00 ERDA-05 CIAE-00

OMB-01 SP-02 INR-07 AID-05 IGA-01 ACDA-05 /073 W

----- 124403

R 131416Z NOV 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 7614

C O N F I D E N T I A L LIMA 9394

E.O. 11652: GDS

TAGS: MASS

SUBJECT: MUNITIONS CONTROL AND AGENTS FEES

REF: STATE 255260

1. THE FORMAL ATTITUDE OF THE GOVERNMENT OF PERU WOULD PROBABLY BE POSITIVE TOWARD A REQUIREMENT FOR DISCLOSURE OF AGENT'S FEES IN DEFENSE-RELATED SALES TO THIS COUNTRY. THIS FORMAL ATTITUDE WOULD BE REINFORCED NOW THAT NEW PERUVIAN ADMINISTRATION IS CONDUCTING A "MORALIZATION" CAMPAIGN, PARTICULARLY AGAINST GROUP OF CRONIES OF THE DEPOSED PRESIDENT, CHARGING THEM WITH VARIOUS FORMS OF MISCONDUCT INVOLVING PUBLIC MONIES.

2. HOWEVER, EMBASSY ENDORSES DEPARTMENT'S VIEW THAT THE QUESTION OF CONTROLS IS A SENSITIVE MATTER, DIFFICULT TO RESOLVE. WE ASSUME FROM PARA 7 REFTEL THAT U.S. WOULD NOT UNILATERALLY LAUNCH A CAMPAIGN INVOLVING ONLY AMERICAN FIRMS. THIS WOULD PUT THEM AT A DISADVANTAGE HERE VIS-A-VIS THEIR COMPETITORS FROM OTHER COUNTRIES. IN OUR VIEW, IT WOULD BE FAR PREFERABLE FOR ALL POTENTIAL SUPPLIERS TO AGREE TO DISCLOSE AGENT'S FEES.

3. WE HAVE THREE OTHER OBSERVATIONS: FIRST, THERE WOULD BE NO GUARANTEE THAT DISCLOSING A CERTAIN AMOUNT OR CERTAIN

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PERCENTAGE AS AGENT'S FEE WOULD END ILLEGAL OR UNETHICAL

"UNDER THE COUNTER" PAYMENTS, WHICH WE ASSUME IS THE INTENT OF THE NEW OR CONTEMPLATED REGULATIONS. SECOND, TO DISCLOSE THE AMOUNT OF FEES PAID TO AGENTS COULD SIMPLY FACILITATE THE WORK OF CORRUPT OFFICIALS IN DEMANDING A SHARE. THIRD, TO MINIMIZE POLITICAL PROBLEMS INHERENT IN ANY USG MONITORING OF AGENT'S FEES, IT WOULD BE IMPORTANT TO DESIGN SUCH A PROGRAM FOR IMPLEMENTATION IN THE U.S., NOT OVERSEAS.
DEAN

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NNN

Message Attributes

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Margaret P. Grafeld
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